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Industrial Development Board

Twenty-first session

SUMMARY RECORD OF THE 2nd MEETING

Held at the Vienna International Centre, Vienna,
on Thursday, 24 June 1999, at 10 a.m.

President: Mr. REGUIEG (Algeria)

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The meeting was called to order at 10.40 a.m.

ORGANIZATIONAL MATTERS

1. **The PRESIDENT** said that the Bureau had decided to recommend to the Board that it follow the practice established at previous sessions—namely, hold informal in-session consultations to facilitate the drafting of consensus decisions. All members of the Board were urged to participate in the consultations. Any texts of draft decisions should be submitted to him as soon as possible, before being submitted to the informal consultations. The deadline set for their submission was 3 p.m. that day.

2. The Bureau had also recommended that Mr. Y. Yakis, Vice-President, should chair the consultation meetings.

3. In view of the time constraints, the Bureau had agreed that draft decisions could be discussed in the informal consultations before the consideration of the related items had been taken up in the plenary.

4. If he heard no objection, he would take it that the Board agreed to those procedures.

5. *It was so decided.*

6. **The PRESIDENT** said that, with regard to agenda item 10 concerning matters related to intergovernmental, non-governmental, governmental and other organizations, the Bureau recommended that, as in the past, it should itself examine applications from intergovernmental and non-governmental organizations for relationship agreements or consultative status with UNIDO and come up with recommendations that would be submitted directly to the plenary in the form of a draft decision.

7. *It was so decided.*

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE (*continued*) (IDB.21/14):

(a) INTERIM FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 1998-1999 (*continued*) (IDB.21/9, IDB.21/11, IDB.21/12)

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(g) FINANCIAL SITUATION OF UNIDO (*continued*) (IDB.21/4; IDB.21/CRP.1, CRP.5)

(h) COST-SHARING ISSUES WITH VIC-BASED ORGANIZATIONS (*continued*) (IDB.21/5)

(i) PROPOSALS FOR THE APPOINTMENT OF AN EXTERNAL AUDITOR (*continued*) (IDB.21/6; PBC.15/CRP.2)

(j) IMPLICATIONS OF THE EURO FOR UNIDO (*continued*)

PROGRAMMATIC REVIEW, INCLUDING SYSTEM-WIDE ISSUES (*continued*) (IDB.21/15, IDB.21/18 and Add.1, IDB.21/20, IDB.21/21, IDB.21/23, IDB.21/26 and Corr.1, IDB.21/27; IDB.21/CRP.7)

FINANCING OF THE INTEGRATED TECHNICAL COOPERATION PROGRAMMES IN DEVELOPING COUNTRIES (*continued*) (IDB.21/17; IDB.21/CRP.4)

8. **Mr. PERAZA** (Cuba), speaking on behalf of the Latin American and Caribbean Group (GRULAC), said that GRULAC wished to pay tribute to the work done by the Director-General in connection with the administrative reorganization of UNIDO, the programmatic refocusing directed towards support for sustainable industrial development and his promotion of the role of the Organization within the United Nations system.

9. Concerning the programme and budgets for the biennium 2000-2001, GRULAC wished to express its firm support for the proposed budget presented by the Director-General (IDB.21/7) and was aware that the budgetary estimate indicated in that document represented the minimum necessary for UNIDO's continued operation, despite the severe limitations which it implied. In that connection, he recalled General Conference decision GC.7/Dec.16, stating that "any further reductions in ... future budgets would seriously impair the capacity of UNIDO to fulfil its mandate". The danger that a further budgetary cut would jeopardize the Organization's fundamental role as an impartial global forum for the promotion of sustainable industrial development acquired greater significance in the light of the fact that the recent crises in various regions of the world were attributable to the lack of a solid development structure, especially in the industrial sector, capable of counteracting the discriminatory trend triggered by globalization and improving competitiveness in free-market economies.

10. The reductionist approach that it was sought to impose on multilateral organizations such as UNIDO, which had an inescapable responsibility to come to the aid of those who lacked the basic means of achieving even subsistence levels, aggravated the situation, particularly when the organizations concerned had undergone far-reaching changes.

11. GRULAC supported the medium-term programme framework for the period 2000-2003, as well as the Director-General's initiatives aimed at obtaining the additional funds necessary for implementation of the integrated programmes. UNIDO's transformation process must lead to the implementation of cooperation programmes for the benefit of developing countries. The Organization's ability to achieve its goals would depend on the political will of donors, as translated into adequate resources for cooperation, and on the effective implementation of programmes by the recipient countries.

12. Turning to the question of the programmatic review, he noted that integrated programmes for four countries in the Latin American and Caribbean region were already at various stages of development and that the preparatory phase was due to commence in connection with programmes for a further five countries in the region. GRULAC wished to express its great appreciation of the work undertaken by the Secretariat in identifying and preparing those programmes in consultation with the States concerned.

13. It was nevertheless a source of concern that the necessary funds were not available for actual implementation of the programmes identified, a problem which appeared to be due to the lack of a clear will on the part of donors to implement programmes in the Latin American and Caribbean region. GRULAC therefore urged the donor countries and the Secretariat to seek the funding required for those programmes, which were in line with the Business Plan and the new service modules. Failure to implement the integrated programmes in Latin America and the Caribbean for lack of funding would mean wasting resources of the Secretariat and recipient States.

14. GRULAC had decided to submit for the Board's consideration at its current session a draft decision on the application of the Business Plan in Latin America and the Caribbean, which it hoped would meet with the support of delegations. In that connection, it welcomed the inclusion of the agenda item on the financing of the integrated technical cooperation programmes in developing countries and considered it important to identify new approaches to secure such financing. GRULAC also wished to draw attention to paragraph 7 of General Assembly resolution A/53/177 concerning the search for new funding modalities for cooperation programmes.

15. Finally, GRULAC considered it important to maintain the efforts relating to the regional industrialization forums, which served as an effective means for promoting dialogue between the Secretariat and the developing countries, in the interests of sustainable industrial development. The consultations being conducted by the Secretariat with Governments from the region with the aim of organizing such a forum in Latin America and the Caribbean were greatly appreciated.

16. The **PRESIDENT** said that reports from the informal consultations currently taking place indicated that a consensus was now emerging with regard to the amount of the regular budget for the next biennium. He drew attention in that connection to document IDB.21/CRP.6, in which the Director-General discussed certain possible reductions in the regular budget as compared with his original proposal, which had been based on zero real growth. He hoped that a decision on the matter could be reached at the current session.

17. **Mr. LOSHCHININ** (Russian Federation) said that the present session was taking place at an auspicious juncture shortly after the summit meeting of the countries of the Group of Eight (G-8), at which a number of decisions of direct importance for the entire United Nations system had been taken. The process of political settlement of the Balkans conflict initiated at the summit meeting should go forward under the auspices of the United Nations on the basis of Security Council resolutions and, within its mandate, UNIDO could add its own contribution to that being made by other agencies to the restoration of industry and rehabilitation of the environment in the region. Information from the Secretariat regarding the Organization's intentions in that regard would be welcome.

18. Russia was a constant supporter and partner of the transformed UNIDO, as demonstrated by its recent substantiated payment to the regular budget, including partial payment of arrears. That financial support reflected its political and moral support for the course taken by the present management. UNIDO should be strengthened first and foremost through fuller utilization of its existing potential, a policy which was now being pursued through the joint efforts of Member States and the Secretariat. Genuine transformation of the Organization should increase its attractiveness to the donor community, thereby bringing practical results in the form of the implementation of specific programmes and projects.

19. Regarding the programme and budgets for the biennium 2000-2001, he noted that the Director-General's proposals were based on the programmatic and administrative activities of UNIDO as updated in accordance with the Business Plan and were aimed at enhancing the Organization's transparency and increasing the effectiveness of its work. Generally speaking, Russia supported the draft budget, and trusted that it would be adopted by consensus. The Secretariat's proposals for additional savings in the regular budget also deserved support and exemplified the effectiveness of collaboration between the Secretariat and Member States.

20. Regarding the new agenda item concerning the financing of the integrated technical cooperation programmes in developing countries, the mobilization of extrabudgetary resources for programmes and projects in developing countries and countries with transitional economies was vital for the Organization and for its future role and authority in the world community. It was in that light that his country viewed the proposals put forward in the note by the Director-General on funds mobilization (IDB.21/CRP.4). However, the novelty of those proposals and their possible implications were such that they would require further detailed study and discussion.

21. Russia also supported the proposal by the Director-General that donor countries should participate directly in UNIDO missions and in the elaboration of country and regional programmes, such partnership naturally being subject to agreement with the host party.

22. With regard to the matter of the introduction of a single unit of account for the Organization, his country had no objection to the proposal put forward by the European Union and was confident that an appropriate decision would be taken in that regard by the General Conference at its next session.

23. Regarding a question of cardinal importance for the current transformation process, namely that of measures to improve the quality of the staff's work, his delegation supported the ideas put forward by the Director-General in a document circulated in March 1999 in favour of a gradual shift away from the principle of a career service. Eliminating the system of permanent contracts by limiting the period of service to seven years would give the staff greater certainty regarding the length of their service, while facilitating rotation, ensuring the infusion of new blood into the Secretariat and enabling highly qualified specialists to be recruited when required. That practice could usefully be extended to other international organizations.

24. On the question of preparations for the eighth session of the General Conference, his delegation supported in principle the proposal to hold a forum on industrial development during that session, but would welcome further information from the Secretariat about its plans.

25. Lastly, he noted that the transformation of the Organization had opened up new possibilities for cooperation between Russia and UNIDO, which were of particular relevance at the present time when Russia, despite its deep financial crisis, was nevertheless moving forward confidently towards a market economy. His country placed great hopes in the cooperation programme, on which work was nearing completion, and was confident that the new integrated services, in particular, would produce tangible results.

26. **Mr. KREKLER** (Argentina) said that UNIDO had now reached a critical stage after the first 18 months under its new vigorous and able management, a stage at which the further success of the transformation process would depend on the Organization's ability to actually implement programmes and projects that helped to build up the industrial capacities of the countries most in need. Once the process of administrative reorganization had been completed, the services offered by UNIDO redesigned and

its management capacities tried and tested, the next main task would be to further the implementation of specific integrated projects and programmes presented by the Secretariat within the framework of the Organization's medium- and long-term objectives. In that regard, a genuine will to finance technical cooperation activities would be essential, together with new fund mobilization approaches and strategies.

27. His delegation welcomed the inclusion on the agenda of an item on the financing of the integrated technical cooperation programmes in developing countries and the information contained in the note by the Director-General on that subject (IDB.21/CRP.4), and hoped that the proposed debate would contribute towards the establishment of a more predictable funding system guaranteeing the investment of the human and financial resources essential for the formulation and implementation of the integrated projects and programmes.

28. His delegation supported the proposal set forth by the Director-General with regard to the programme and budgets for the biennium 2000-2001 (IDB.21/7) and hoped that the Board would bring the consultations to a successful conclusion by recommending that the General Conference approve the budget presented.

29. With regard to the financial situation of UNIDO (agenda item 4 (g)), his delegation had furnished the Secretariat with detailed information on Argentina's efforts, as part of its policy to settle its arrears with major international bodies, to pay its debt to UNIDO. Accordingly, Argentina would be in a position to settle a significant portion of its arrears within the next few weeks. His country also supported the medium-term programme framework for the period 2000-2003, as well as the Director-General's funds mobilization initiative.

30. Concerning agenda item 5 ("Programmatic review, including system-wide issues"), it was gratifying to note the progress made in the implementation of the Business Plan in the Latin American and Caribbean countries, as well as the formulation of integrated programmes for that region (IDB.21/21). Useful information was also provided in the documents on the development of human resources for industry (IDB.21/23) and on the industrialization of the least developed countries (IDB.21/15).

31. Turning to the question of field representation, his delegation welcomed the progress made in that regard and the practical steps taken to delegate authority in various areas to the field offices, and it urged the Secretariat to continue its efforts in that direction.

32. His delegation also welcomed the information set forth in document IDB.21/24 concerning performance indicators and evaluation, and wished to encourage the Secretariat to continue working towards the further improvement and application of those indicators in order to provide a means of accurately evaluating the Organization's operation and identifying areas and products where efficiency could be further improved.

33. In conclusion, he noted that the process of rescuing UNIDO from its former state had been extremely costly and that, in order to ensure that the money and efforts invested were not wasted, it was necessary to clearly map out the future that Member States desired for UNIDO and to calculate exactly how much they would be willing to invest in order to bring about that future.

34. **Mr. BENMOUSSA** (Morocco) said that in recent years UNIDO had seen its mandate narrowed and its budget and staff progressively reduced. Even the Business Plan had been converted into service modules in order to allow it to be implemented more efficiently in a situation in which the available financial means had not kept pace with the reform process. The question arose as to whether the continuing budgetary debate did not, in fact, conceal a certain scepticism regarding UNIDO's mandate and a failure of the political will that had originally motivated its creation.

35. The developing world had greater need of UNIDO today than ever before. The development of a competitive industry generating productive employment within a healthy environment was the best possible bulwark against poverty and the best means of creating an economically sound global society with minimal risks of economic and social conflict. The statistics published by the United Nations Development Programme (UNDP) in its Human Development Report for 1998 spoke eloquently of the glaring inequalities which existed in the global distribution of wealth and consumption. In the context of those imbalances and the utter deprivation suffered by the poor countries, the regular budgetary contributions offered by the rich countries were so derisory in their amounts that they failed to justify the vehemence of the budgetary discussions.

36. In some 70 countries with a combined population of almost 1 billion, levels of consumption had now fallen below their levels of 25 years previously. However, the acceleration of economic and industrial growth required to raise consumption was not taking place in many countries. The developing countries were now confronted with the strategic choice of whether to repeat the process of industrialization and growth of the last fifty years, thereby ushering in a phase of inequitable development and bequeathing massive pollution problems to future generations, or, instead, to make a technological leap with the assistance of partners and UNIDO and to opt for a pattern of growth favourable to the environment, safeguarding natural resources and generating less pollution and waste. The model of growth chosen should also be favourable to the poor by creating employment and improving access to basic social services. In other words, it should encompass the so-called "3 E's" developed by

the Director-General in connection with the 16 integrated service modules directed towards the long-term goals of sustainable industrial development—namely, competitive economy, productive employment and sound environment (see document IDB.21/10, part one, p. 12). Hence the relevance of UNIDO's mandate and the need to implement it with the greatest resolve and determination.

37. The Organization's revitalization depended on a number of remedial measures, including the provision of adequate financial resources, a strategy of decentralization to support the local implementation of tasks in developing countries and the development of human resources to strengthen expertise in the field. Those three elements, which formed the cornerstone of the Business Plan, needed to be supported constantly by the unswerving political will of Member States.

38. It was a matter of the utmost concern that the Programme and Budget Committee had not been able to recommend the budget submitted by the Secretariat to the Board. After a drastic reduction in the budget of more than one third in the course of the past five years, it was no longer possible to make further savings without imperilling the Organization's ability to fulfil its mandate. His delegation felt that the approach based on zero real or nominal growth ceilings was artificial and should be abandoned in favour of a new method which would primarily take account of programmes defined by common consent, the Secretariat's role being to evaluate the resources required for their implementation. However, although the proposed budget did not fully meet his country's expectations, it was nevertheless willing to accept it for the sake of joining the consensus emerging among Member States. In that connection, he called on all Member States, including the United States of America, to settle their contribution arrears in accordance with the recommendations of the open-ended discussion group on timely payment of assessed contributions. That was crucial to both the financial health of the Organization and to the restoration of voting rights essential to the universality of its decisions.

39. His delegation was in favour of the introduction of the euro for purposes of reference and payment within UNIDO. Regarding the new method proposed by the Director-General for mobilizing funds for the implementation of UNIDO services, his delegation felt that the proposed approach would be helpful in raising the level of so-called "voluntary" contributions and it considered that mobilization efforts would be further assisted through the creation of an informal open-ended working group with the mandate of establishing more effective strategies to that end. Such a group could draw, in particular, on the practices followed by the International Atomic Energy Agency (IAEA) with regard to their technical cooperation fund. In that connection, all Member States able to do so should follow the example of Japan and the European Union in participating in the conference on industrial partnership and investment in Africa scheduled to take place in Dakar from 20 to 22 October 1999. That conference would not only make for heightened awareness of the issues and for an exchange of ideas but would also provide an opportunity for identifying practical solutions to the development problems encountered by African countries, especially in the industrial field. It was thus to be hoped that the Dakar conference would set an example in the area of funds mobilization.

40. Africa had been the laboratory for such initiatives as the Alliance for Africa's Industrialization, the United Nations Development Assistance Framework and the two Industrial Development Decades for Africa (IDDA I and II). However, the results in the field fell far short of the continent's hopes and aspirations: for instance, the gross domestic product (GDP) of sub-Saharan Africa had been decreasing at a rate of 0.8 per cent each year for the past 20 years and both official development assistance and private capital flows to African countries had proved extremely disappointing. The lack of success in those areas was essentially due to the fact that those initiatives had been adopted without sufficient involvement of the African countries themselves and without taking account of the real needs of the region. Furthermore, the donors had not been approached in the early, preparatory phases of the programmes, with the result that both recipients and donors had succumbed to a certain apathy, which could only be countered by their active involvement and collaboration with UNIDO from the outset. In that connection, the initiative of Japan within the framework of the Second Toyko International Conference on African Development, or bilateral or multilateral cooperation in association with UNIDO in support of small and medium-sized enterprises, deserved full consideration and support.

41. With regard to the second element of the remedial package for revitalizing the Organization, namely that of raising its profile in the field, his delegation considered that its field offices should be increased in number. While the qualitative criteria set out in the Director-General's report on the subject (IDB.21/19) were indeed in line with the decentralization policy adopted by Member States, the arbitrary setting of the number of offices at 30 conflicted with that policy. Not only should that number be increased, with host countries participating on the basis of cost-sharing in accordance with the negotiated ratios, but arrangements should be devised to protect host countries from bearing the full costs of representing UNIDO, apart from the salary of the respective senior officer. Furthermore, the authority delegated to the offices should be increased.

42. Communication was also a vital element of UNIDO's presence in the field. Increased public awareness in both donor and recipient countries of the Organization's activities in the field would lead to a heightened interest in UNIDO and a greater willingness to

collaborate with it. On the basis of success stories, it should be possible to develop a communication strategy for improving the Organization's brand image, which presupposed the elaboration and application of the performance indicators approved by the General Conference at its last session.

43. The third element of the strategy for revitalizing UNIDO consisted in its human resources. The recruitment policy set out in the report on personnel matters (IDB.21/16) and on the development of human resources for industry (IDB.21/23) was innovatory in its proposals for making further budgetary savings and for improving the selection of personnel. The policy outlined additionally offered greater job security and would make for the infusion of fresh blood into the Organization. It deserved support because a staff with a stronger sense of security would be likely to perform with greater selflessness, while a policy of rotation would also make it easier to attract the most highly qualified experts.

44. On the question of the appointment of the External Auditor for the next biennium, his delegation felt that the selected candidate should be drawn from a member country of the Group of 77 or China, and considered that the Ghanaian candidate supported by the African Group offered excellent professional qualifications for the task. His delegation would nevertheless be willing to join any consensus solution adopted in the interests of the Organization.

45. **Ms. AGGREY-ORLEANS** (Ghana) said that she wished to congratulate the Director-General on the systemic changes and new work culture that he was seeking to introduce in UNIDO. As the only organization in the United Nations system responsible for industrial development, UNIDO required the unflinching support of all its Member States in order to carry out its mandate effectively. She trusted that the Business Plan would guide the transformation of the structure and procedures of the Organization in a way that would simplify its work.

46. She congratulated the Programme and Budget Committee on its report on its fifteenth session. It was crucial that Member States should continue to do their utmost to meet their financial obligations to the Organization so that UNIDO could discharge its mandate effectively. Although some Member States did not donate directly to the Industrial Development Fund, they did support UNIDO by funding the operations of regional or country offices. If more Member States did likewise they would help significantly to improve the Organization's financial situation.

47. She supported the recommendation of the Programme and Budget Committee that the level of the Working Capital Fund and the authorized purposes of the Fund for the 2000-2001 biennium should remain the same as for the 1998-1999 biennium.

48. She welcomed the appointment of a field representative to Ghana in line with UNIDO's field programme and Business Plan. Following successful consultations between Ghana and UNIDO, a UNIDO programming mission had visited Ghana in April 1999 to assist in preparing an integrated programme for the stimulation of growth and competitiveness in micro, small and medium-sized enterprises. She looked forward to support from Ghana's partners and the donor community for the resulting programmes and projects.

49. As current Chairman of the Conference of African Ministers of Industry (CAMI), Ghana welcomed UNIDO's efforts to spearhead the execution of the objectives of the Alliance for Africa's Industrialization (AAI). During Ghana's chairmanship of CAMI, a number of important events had taken place including the First Bureau Meeting in Vienna, sponsored by UNIDO, the Economic Commission for Africa (ECA) and the Organization of African Unity, in December 1997, and the First Steering Committee Meeting in Abidjan in September 1998. The conference on industrial partnership and investment in Africa, which aimed to mobilize funds for AAI and to initiate a series of partnerships between the international community and all actors in industrialization in Africa, was scheduled to take place concurrently with the fourteenth session of CAMI in Senegal in October 1999. A preparatory meeting of the CAMI Bureau had been scheduled for August 1999 in Ghana, to which African ministers of industry, intergovernmental and non-governmental organizations, organizations of the United Nations system and private-sector organizations, among others, had been invited. She counted on the usual support and cooperation of all to make CAMI-14 another success in Africa's industrialization effort.

50. Turning to the proposals for the appointment of an external auditor, she said that Ghana had submitted the candidature of its Auditor-General for the post in the firm conviction that he possessed the qualifications, skill and experience to discharge the functions of the position with distinction, and she thanked all the Member States who had supported his candidature. However, in view of the importance it attached to the post, Ghana was willing to withdraw its candidate in the wider interests of the Organization and in order to facilitate consensus-building. She hoped that Ghana's gesture would facilitate a speedy decision and that it would be reciprocated in the future.

51. The new millennium held both opportunities and challenges. It was therefore imperative that all Member States should work together for the industrialization of the developing and least developed countries to eradicate poverty and promote sustained growth and development

for the benefit of all. Amid the ever-increasing interdependence of States, it was her belief that UNIDO had the capacity and capability to rise to those challenges.

52. **The PRESIDENT** said he was sure he could speak on behalf of all the Member States in expressing his appreciation for the flexibility and spirit of compromise shown by the decision to withdraw the Ghanaian candidate for the post of External Auditor, a candidate whose professional qualifications and experience were undisputed.

53. **Mr. HONIG** (Hungary) said that the first part of 1999 had shown that recent developments in the Organization and the creation of the integrated programme package with service modules had opened new possibilities in providing assistance to the economies in transition and the developing countries. He hoped that the new approach would strengthen UNIDO's existing capacity and sharpen the focus of its services.

54. His delegation welcomed the content and format of the proposed programme and budgets for the biennium 2000-2001. While he had hoped for an increase in available resources in that biennium, he recognized the budgetary constraints of all Member States. A reduction of UNIDO's budget would send the wrong signal to both the developing world and other agencies yet to be reformed. He therefore supported the original budget proposal, representing zero real growth.

55. His Government strongly supported the development of the environment industry in the economies in transition and the developing countries. The programme could encompass the development of industrial and municipal sewage treatment plants, sanitary landfills, incineration facilities and the reduction and recycling of waste material. He asked the Director-General to consider the inclusion in UNIDO's two quality modules of services in the development and implementation of regulatory quality assurance systems—in particular, good manufacturing practices in the food and health industry—in order to meet the demand for technical cooperation in those areas in many Eastern European countries in transition and in the least developed countries of Africa. Such a programme would complement the relevant activities of the Food and Agriculture Organization (FAO) and the World Health Organization (WHO). His Government intended to focus on such issues when initiating or taking part in cross-border projects in Central and Eastern Europe as an indispensable part of the process of accession to the European Union.

56. A practical example of the implementation of UNIDO's new service modules was provided by a Hungarian company which, in cooperation with a German institute, had prepared a proposal for the inclusion of instrumentation services in the development of metrology, standardization, testing and quality (MSTQ) infrastructure in the developing countries. The Hungarian Government would like to utilize the UNIDO service modules in a way that would promote cross-border cooperation between the countries of Central Europe and further the industrial development of the least developed countries.

57. **Mr. KHAIRAT** (Egypt) expressed disappointment that the Programme and Budget Committee, at its fifteenth session, had not adopted the Director-General's proposals for the programme and budgets, 2000-2001. The proposals represented a modest request in the light of UNIDO's successful transformation and reorganization and the 50 per cent cut in the Organization's budget over the preceding six years. A debate on setting a budget ceiling and on various budget cutting scenarios such as had taken place in 1997 was not desirable. He was confident that, following two months of consultations in which all the geographical regions and countries concerned had taken part, the Board, at its current session, would wish to adopt the Director-General's proposals. The core programmes highlighted in the draft budget presented in April 1999 should not be affected. Deferral of the programme and budget to the eighth session of the General Conference would take up too much of the Conference's time and might prevent proper discussion of other items on the agenda.

58. With regard to the implementation of the Business Plan in Africa (IDB.21/18), he welcomed the balance established between the various parts of the African continent. He also welcomed the forthcoming conference on industrial partnership and investment in Africa, to be held in Senegal, and hoped that it would lead to an industrial partnership between Africa and the donor countries and promote investment in Africa.

59. Commending the excellent performance of UNIDO's Arab countries programme, he welcomed the consolidation of UNIDO's representation in the Arab countries and looked forward to the successful conclusion of the negotiations on the establishment of UNIDO offices in Morocco and Tunisia. He also welcomed the increasing number of missions sent to the region to formulate integrated programmes, including the programme to strengthen industry in Palestine. He hoped the necessary resources would be available to fund the programme.

60. The financing of the integrated cooperation programmes in the developing countries was a concern of the African countries. In view of the low level of voluntary contributions, the small proportion of the regular budget allocated to technical cooperation, and a fluctuating and inadequate operational budget, additional resources were urgently needed. The relevant agenda item would provide an opportunity to discuss new ways of implementing technical cooperation projects. The Senegal meeting could provide support in that regard.

61. He urged the Organization to continue to develop its programme of regional representation, which he hoped

would be supported by financial and human resources, and reiterated his country's readiness to host a UNIDO regional office for the Arab countries by upgrading the country office in Cairo and to help shoulder any resulting burdens.

62. **The PRESIDENT** said that the President of the Staff Council had requested an opportunity to present the views of the staff for the consideration of Member States. He would give him the floor.

63. **Mr. SPINA** (President of the Staff Council) said that in 1993 the Member States had decided it was time to reform UNIDO. The departure of some 250 staff members had led to a reduction in assessed contributions, and Member States had applauded the results. The results had not, however, been applauded by the remaining staff members, as their capacity to deliver the technical assistance requested by recipient countries had also been reduced. In a similar exercise in 1995, a further 200 staff members had had to leave, further curtailing the Organization's capacity to assist the recipient countries. In 1997, the newly elected Director-General had been given a mandate to apply the Business Plan, aimed at a drastic refocusing of UNIDO's activities, and that had entailed the early departure of approximately 100 staff members. UNIDO's transformation was widely acclaimed by Member States and by the United Nations system, but reduced capacity translated into reduced assistance. Calls for still further economies would hardly receive much applause from recipient countries, and certainly not from the staff if further reductions were entailed.

64. The 16 service modules and numerous integrated country programmes reflected the Director-General's continued implementation of the Business Plan. However, they required funding that could only come from the donor community. The recipient countries had stated that they needed trade and not aid. In order to trade, they had to be able to produce exportable goods or commodities of international standard. That required an industrial base, which was why UNIDO had been established. He hoped that the Member States would approve the budget for the next biennium as proposed so that the planned technical assistance could be provided. It was the turn of the developing countries and the staff to be given a reason to applaud the accomplishments of the Board.

65. **Mr. MULUGETA** (Observer for Ethiopia) commended the Director-General on his report on the implementation of the Business Plan in Africa (IDB.21/18 and Add.1). Integrated programmes had been formulated for nine African countries in line with the priorities identified under the Plan of Action for the Alliance for Africa's Industrialization. Six other programming missions had been undertaken and 11 more were anticipated by September 1999. Ways of mobilizing resources to implement those programmes would need to be further explored.

66. His delegation welcomed the adoption of certain guiding principles, such as those concerning demand-driven programmes, local ownership of programmes and integrated application of service modules. Experience showed that the successful implementation of the integrated programmes depended first and foremost on whether ownership rested with the recipient countries. The General Assembly had emphasized in resolution 53/192 that recipient Governments had the primary responsibility for identifying priorities and for coordinating the external assistance provided by multilateral organizations in order to integrate it into their development process. Under the operational activities of the United Nations, it was imperative to develop the system of national execution, including the use of national expertise and indigenous technology in the implementation of the integrated programmes, and promote the procurement of goods and services from developing countries as a means to further South-South cooperation. The cost of supporting activities and foreign experts, which in the past had amounted to over 14 per cent of all funds available in his country alone, would thereby be reduced. However, the integrated country programmes approach, in consultation with recipient countries, also would help to secure the development needs of recipient countries and ensure implementation of the programmes. In that context, he welcomed the formulation of integrated programmes for Ethiopia and expressed his appreciation to UNIDO for its support to Ethiopia's development effort.

67. National ownership of development programmes was, however, only one side of the coin, the other being the availability of sufficient resources for implementation. The continued decline in the resources available for development in general and industrial development in particular was a source of concern, in recognition of which the General Assembly, in resolution 53/177, had emphasized the importance, for developing countries, of financing for industrial development. The cost of implementing the integrated country programmes in the first phase countries alone was estimated to be over $51 million. Yet only $5.17 million was available so far, including the Danish contribution to the Industrial Development Fund. Hence the request of the Group of 77 and China for the inclusion on the agenda of the item on "Financing of the integrated technical cooperation programmes in developing countries". He commended the Director-General on his efforts to mobilize more funds, and was confident that the conference on industrial partnership scheduled for October 1999 in Dakar would provide ample opportunity to mobilize resources for technical cooperation programmes.

68. Turning to the budget, he firmly believed that, if UNIDO was to have an impact on the development process of the developing world, the budget should be approved without delay. He called upon all the partners involved, in particular the major donor countries, to join a consensus to approve the budget at the current session of the Board.

69. **Mr. BREITER** (Switzerland) thanked the Director-General and staff for their dedicated work in a difficult period for the Organization. With regard to the programme and budget for the biennium 2000-2001, he was concerned that the proposed budget amounting to $133.3 million had failed to win consensus at the session of the Programme and Budget Committee. As stated on several occasions, his delegation regarded a 20 per cent reduction in comparison with the 1998-1999 budget as the limit. UNIDO should be trusted by Member States with implementing the results of the transformation process, and it should have the opportunity to concentrate on the implementation of the work programme within a reasonable budget, with the support of Member States. The inconclusive outcome of the fifteenth session of the Programme and Budget Committee had been a psychological blow to the staff, who must strongly feel that the downsizing exercise would never end. It also sent the wrong signal to the outside world and to other actors within the United Nations system. In his view, the main goal of the current session was to agree without delay on the budget for the 2000-2001 biennium, and his delegation was still, in principle, strongly in favour of the zero real growth budget.

70. Welcoming the discussion on the financing of integrated technical cooperation programmes as an important topic for the long-term survival of the Organization, he expressed his conviction that sufficient financial resources were vital if UNIDO was to accomplish the tasks assigned to it in the Business Plan. During recent years, however, contributions to the Industrial Development Fund (IDF) had been low. The discussion should focus, firstly, on new sources of finance for the integrated programmes. In his view, the success of the reform process would be assessed by the implementation of the service modules, and it would be measured on the basis of the quality of programmes and projects and the impact on industrialization in the target countries. The demand for UNIDO projects by Member States and other financing sources, including the private sector, might serve as another criterion of assessment. Secondly, the system of financing technical cooperation programmes should be reliable and predictable. Switzerland, a major donor to the IDF, believed that two factors were crucial to UNIDO's success in attaining its long-term objectives: strategy and appropriate financing. The strategy had been defined in the Business Plan, to which all Member States had agreed. Additional investments in the form of voluntary contributions were now essential to demonstrate commitment to the objectives of the Business Plan.

71. Turning to field representation, he said that a competent presence of UNIDO in the field was of the utmost importance to good project implementation. He had been gratified to see that authority had been delegated to the field, especially in the areas of budget and expenditure, recruitment of short-term consultants and advisory services. Close collaboration and dialogue should also be ensured with other organizations and donor coordination offices in the field.

72. He welcomed UNIDO's efforts to introduce performance indicators on several levels. The indicators to monitor the performance of the Organization as a whole should be few, in order to serve as a useful instrument for Member States to monitor the progress of the Organization. The equally important operational performance indicators, which would be applied to all UNIDO's programmes, should include objective measures to assess the impact of UNIDO's programmes on manufacturing value added, productivity, total output and exports. His delegation would be very interested to receive an oral progress report on the subject.

73. **Mr. HASSAN** (Sudan) commended the clear presentation of the Annual Report for 1998 and its in-depth analysis of UNIDO's activities and congratulated the Director-General on the results achieved with the meagre resources available to the Organization. His delegation was conscious of the critical state of industrial production in the developing countries and of the crucial role of industrial development within the sustainable development process. As a multilateral organization with an impressive record of achievements in the industrialization of developing countries and with rich experience in cooperation with the donor countries and international organizations, UNIDO was well qualified to facilitate the flow of resources needed for industrial technical cooperation. The sharp decrease in UNIDO's total expenditure on technical cooperation between 1995 and 1998, as revealed by table 1 in appendix A to the programme performance report (IDB.21/11), was highly regrettable.

74. The programmes of UNIDO were crucial, especially for the developing countries, at the current stage of preparation for the global market. He strongly urged all members to approve the budget by consensus at the current session of the Board. His delegation supported the Committee's recommendations with regard to the remaining agenda items and wished to repeat its appeal to Member States to increase their voluntary contributions to the Industrial Development Fund. Without resources, it would be practically impossible to implement the integrated programmes and other activities. As the total value of projects approved in 1998 was less than the 1997 figure, the Secretariat should intensify its efforts in programme and project development and approval.

75. The level of approval of new projects was especially low for the least developed countries. While he acknowledged that the Organization had been heavily involved in the adoption of a new approach and the elaboration of integrated programmes, he hoped that the Secretariat would now direct its efforts to technical cooperation programme development, approval and implementation, supported by increased contributions by Member States to the Industrial Development Fund.

76. The vision presented by the Director-General in part one of the Annual Report (IDB.20/10) was in line with the Board's decisions. He expressed his appreciation for the Secretariat's contribution towards achieving the goals set, despite his disappointment with regard to the financing of technical cooperation programmes.

77. In view of the importance of a sound human resources base, he felt there was a need for further steps to ensure a sharper focus on industrial human resources development and training activities in the Organization. That could include the research function proposed by the Director-General.

78. He supported the Director-General's proposals concerning the industrialization of the least developed countries. Special priority should continue to be given to the least developed countries, which faced significant challenges in participating in the global industrial production system.

79. As Africa became increasingly marginalized in the world economy, there was a need not only to reaffirm the priority accorded to it, but also to increase support to the Industrial Development Decade for Africa (IDDA) and the Alliance for Africa's Industrialization. He requested the Secretariat to present a detailed report to the General Conference, through the Industrial Development Board, on the use of IDDA resources, including an assessment of the projects and activities financed.

80. His delegation had noted with appreciation the action taken in the Arab region, especially in respect of UNIDO's presence in the region and the fielding of programming missions. He also welcomed the increasing cooperation with the organizations in the region.

81. In connection with the question of the financing of integrated technical cooperation programmes in developing countries, his Government wished to thank the Director-General for the formulation and approval of an integrated programme for the Sudan. The programme should provide a useful input to the Government's efforts to revitalize economic development policy; industry and UNIDO were expected to play important roles in that regard. His Government fully endorsed the programme and would do its utmost to work with the Secretariat to mobilize the resources required for its implementation.

82. Welcoming the efforts to redeploy resources to the field, he said that the Sudan hosted one of the UNIDO field offices. In the light of the increasing priority which his Government and the private sector were giving to industry, with the corresponding increase in UNIDO activities in the Sudan, he appealed for more resources for the office.

83. While supporting, in general, the approach to performance indicators and evaluation proposed in document IDB.21/24, he emphasized that the ultimate objective of the exercise should be to enhance the substantive work of the Organization with a view to improving its impact.

84. In conclusion, he had no objection to consultative status being granted to the eight non-governmental organizations that had applied, nor to the Director-General signing a relationship agreement with the European Bank for Reconstruction and Development.

85. **Mr. FÖRSTER** (Netherlands) associated himself with what had been said by the representative of Germany on behalf of the European Union (EU). The EU partners were fully aware of the importance of providing financial support to UNIDO's new programmes.

86. The Netherlands Government had decided to make a voluntary contribution of 1.5 million euros to UNIDO's newly developed integrated programme for Ethiopia. It was worth noting that the decision had been taken by the Netherlands Embassy in Ethiopia, in close consultation with the Ethiopian authorities, since development experts in the field had concluded that UNIDO's new approach could make a difference at local level, and that the integrated programme would help to promote sustainable industrial development. He hoped that such news would encourage the Director-General and his staff to keep up their good work and other Member States to come forward and help make the new UNIDO the success envisaged by all when adopting the Business Plan.

87. **The PRESIDENT** welcomed the encouraging announcement by the Netherlands representative. Judging by the statements made so far, it seemed that the Board was moving closer towards a consensus on the budget for the next biennium. Moreover, he had been apprised that informal consultations under way on the subject were making good progress. He expected that subsequent speakers would further strengthen that consensus.

88. **Mr. CHARRY SAMPER** (Colombia) expressed concern about the ever-widening gap between the industrialized nations and developing countries—which had gained little from globalization and technological progress—and the dwindling resources for development, apart from exceptional voluntary contributions like that of

the Netherlands. The solution to such problems was not the marginalization of the United Nations system but rather the strengthening of multilateralism together with bilateral efforts to give practical effect to the solidarity so often proclaimed. Multilateral forums could find ways of achieving common goals which would benefit the international community in a more equitable fashion. Colombia believed that UNIDO was an essential part of the United Nations system. Its Member States must provide it with greater means to perform the role provided for in Article 1 of the Constitution.

89. The transformation of the Organization was virtually complete and must be reflected in increased resources for the implementation of integrated programmes in different countries. Firstly, he endorsed the Director-General's proposals for the programme and budgets for the next biennium set out in document IDB.21/7. Any delay in approving the budget would jeopardize the Organization's finances. Furthermore, he urged Member States to show their support for UNIDO through the timely and full payment of their assessed contributions as well as the allocation of funds to the Industrial Development Fund and increased voluntary contributions for the implementation of integrated programmes. The Organization could not get its activities under way without voluntary resources—6 per cent of the regular budget for technical cooperation was a paltry sum for the programmes it was expected to carry out. No one should regard the allocation of resources to UNIDO as a matter of secondary importance. Resources allocated were investments from which donors and beneficiaries alike stood to gain. A successfully transformed UNIDO could make an increased contribution to the formulation of joint responses to current matters of concern.

90. The strengthening of industrial capacity and cleaner and sustainable industrial development were suitable parameters for the promotion of private-sector investment. Problems such as those relating to the employment crisis and the impact of new technologies should be analysed in cooperation with other agencies of the system so that technical cooperation effectively met current needs. He wished to stress the positive effects of more effective support for small- and medium-sized enterprises in the building of more balanced societies.

91. The enthusiastic efforts of the Director-General to rescue UNIDO and put it in its rightful place in the United Nations system deserved full support.

92. **Mr. ALPMAN** (Turkey) commended the Secretariat for the improved documentation prepared for the session. He also welcomed the new staff structure in place, which permitted integrated programme and project implementation and coordination among different departments of the Secretariat. Also, as a result of the simplified structure, the Director-General was able to work more closely with staff at all levels, particularly those directly responsible for projects.

93. In preparation for the forthcoming General Conference session, the Board session should focus on the review of the work of the Organization during the current biennium and also discuss experience with the service modules and integrated programmes during 1998, without forgetting such matters as the medium-term framework for the period 2000-2003 and performance indicators.

94. He was pleased to note that the transformation of UNIDO, in accordance with the Business Plan, was now complete. The three Annual Report documents (IDB.21/10, IDB.21/11 and IDB.21/12) provided a good picture of the transformation of the Organization and of its performance, including an indication of how a number of projects had made a measurable impact in recipient countries.

95. The session of the Programme and Budget Committee had yielded good results. He reiterated his Government's support for the Organization, with the new management culture and a zero real growth budget for the next biennium.

96. He welcomed the increase in resources allocated to Major Programme E (Regional Programme) and the reduction in resources for Major Programme F (Administration), which had enabled field representation to be strengthened. Turkey believed that decentralization would be one of the most efficient ways of improving the performance of UNIDO.

97. Turkey was an emerging donor country, and was one of the few countries that was not in arrears: its assessed contributions for 1999 had already been paid.

98. Turkey welcomed the dynamism brought to the Organization by the new management. It was hoped that the positive atmosphere created within and outside the Organization as a result would encourage more countries to fulfil their financial obligations and to make voluntary contributions.

99. As the new millennium approached, economic challenges had become increasingly global in scope, which was more apparent in the developing countries and economies in transition as they strove to take their place in the world economy. Sustainable industrialization was essential if they were to overcome those challenges and benefit from globalization. While some countries had made remarkable progress in that direction, many more—particularly those in Africa—were lagging behind. He therefore welcomed the fact that priority had been assigned to programmes and projects developed within the packages of integrated UNIDO services and under the service modules.

100. UNIDO representation in Member States was crucial for the Organization's future. Turkey supported the Director-General's policy of encouraging the strengthening of field representation, provided that the host country offered financial or in-kind contributions. UNIDO must act like an honest broker, carefully assessing the input and output, advantages and disadvantages of every opportunity. His Government had signed an agreement with UNIDO to set up a centre for regional cooperation under which it would bear 70 per cent of the total costs.

101. In conclusion, while applauding efforts made to improve the representation of women in the Secretariat, he stressed that the current gender balance was far from satisfactory, especially at the decision-making levels, and called for further efforts in that area in accordance with General Assembly resolution 52/96.

102. **Mr. GARCIA** (Observer for the Philippines) said that he had full confidence in the leadership skills of the Director-General, which would ensure attainment of the Organization's goals of promoting economic competitiveness, employment and a sound environment. The Philippines associated itself fully with the statements made by the Group of 77 and China as well as the Asian Group. Countries had a joint responsibility to ensure that the Organization was fully equipped to implement technical cooperation programmes to support the industrialization of developing countries. That meant the approval of the regular budget for the next biennium, payment of assessed contributions and, no less important, the full mobilization of extrabudgetary resources to finance the integrated technical cooperation programmes. He hoped that the Group of 77 proposal to address that crucial issue would be adopted at the current session.

103. Fund mobilization was the next challenge facing UNIDO in its process of transformation and he endorsed the innovative proposals outlined by the Director-General in documents IDB.21/8 and IDB.21/CRP.4, which should be implemented by all Member States. In particular, he welcomed the proposal for stronger substantive dialogue with Member States in the preparation of country programmes and projects. The Philippines was one of the 16 countries which already had a United Nations Development Assistance Framework. UNIDO's role in that multi-agency development framework was focused on the promotion of small and medium-sized enterprises and environmentally sound industrialization.

104. In conclusion, he thanked UNIDO and donor countries for the projects implemented in the Philippines so far and looked forward to continuing the partnership under the Business Plan and the 16 service modules. His authorities were ready to cooperate with a UNIDO programming mission to the Philippines and hoped that the Director-General would be able to appoint a new UNIDO Country Director soon.

105. **Mr. REGUIEG** (Algeria) said that the current session was taking place at an important time for the Organization, which was undergoing radical changes following the implementation of the Business Plan. He wished to stress the positive impact of the measures undertaken in that connection. Following successful administrative reform, the Organization was now engaged in programmatic reform, with the establishment of new service modules. He had every faith in the ability of the Director-General and his team to continue with changes which would restore Member States' confidence in the Organization.

106. He was satisfied with the new presentation of the Annual Report, which revealed the determination of the Secretariat to adopt a transparent approach. It was regrettable that the Programme and Budget Committee had been unable to reach a decision on the budget for the biennium 2000-2001; he hoped that the issue could be resolved during the current session.

107. With regard to support for Africa, in particular in connection with the Second Industrial Development Decade for Africa and the Alliance for Africa's Industrialization (AAI), he expressed support for the approach outlined in document IDB.21/18 and Add. 1. As for the more specific matter of resource mobilization he hoped that the conference on industrial partnership and investment in Africa to be held in Dakar in October 1999 would provide a real opportunity to mobilize the funds required for the implementation of the AAI Action Plan.

108. He acknowledged the progress made in the implementation of the field representation programme, notwithstanding the limited financial and human resources of the Organization, and he endorsed the approach advocated by the Director-General. He hoped that the Secretariat would pursue consultations with Member States with a view to establishing a reliable and durable field representation programme which met the real needs of developing countries.

109. Algeria attached great importance to performance indicators, notably for monitoring implementation of the reform process under way in the Organization. Due note had been taken of relevant developments, as detailed in document IDB.21/24, in particular the introduction of new service modules whose main objective was to respond fully to the needs of recipient countries.

110. He welcomed the addition of an agenda item on financing integrated technical cooperation programmes in developing countries, since the shortage of funds might

jeopardize the implementation of new integrated programmes in some countries. Algeria had reached agreement with UNIDO on an integrated programme and its funding.

111. **Mr. ZHANG Yishan** (China) said that the Annual Report for 1998 gave a detailed account of the process of transformation in accordance with the Business Plan. As the result of administrative reform, including streamlining administration and simplifying operational procedures, the financial situation and efficiency of the Organization had been improved. At the same time, laudable efforts had been made to bring about programmatic change reflecting the dual role of UNIDO as a global forum for industry and as a provider of specialized technical cooperation services, and resulting in the establishment of 16 service modules.

112. The touchstone of the success of UNIDO's reform and transformation would be the amount of assistance and the quality of service it provided to developing countries and the role they played in helping countries to achieve sustainable industrial development. In the last year, the UNIDO Secretariat had invested significant human and material resources in collecting information on the needs of Member States and formulating integrated programmes. The success of the integrated programmes would depend on UNIDO's ability to mobilize sufficient financial resources. He appealed to Western developed countries to continue to support the Organization by increasing their contributions to the Industrial Development Fund and other voluntary contributions and giving the necessary financial support to the integrated programmes.

113. In addition, he hoped that the Secretariat would objectively analyse different ways of obtaining more funds. A flexible approach was needed, with due regard for the specific requirements of different countries. Assistance might take the form of large-scale integrated service projects or of smaller projects, as long as it promoted industrial development, the mobilization of resources and an expanded delivery of technical assistance.

114. UNIDO's Business Plan had set the direction for the future development of the Organization and reflected the concerns of Members States about the problems facing developing countries, particularly the least developed countries (LDCs), in areas such as industrial policies, the environment, investment and development, and small and medium-sized enterprises. In order to keep pace with changes in international politics and economic development, the Business Plan should be constantly updated and refined throughout the implementation process. Many developing countries faced serious challenges and risked marginalization owing to rapid international economic developments. While building up its capacity to obtain additional resources, UNIDO might wish to assign priority to projects which used fewer resources but produced quick results, strengthening South-South cooperation and helping developing countries to introduce technologies and to improve the quality of their products.

115. In recent years, cooperation between China and UNIDO had been greatly strengthened, in particular with regard to environmental conservation. Thanks were due to the UNIDO Secretariat and its representation in China for the work done.

116. **The PRESIDENT** said that, judging by the statements made during the meeting and the progress of ongoing informal consultations, some consensus on the budget for the next biennium now appeared to be emerging. He had therefore decided to forward a draft decision to the Chairman of the informal consultation group, based on the Director-General's proposals outlined in document IDB.21/CRP.6, which entailed some reductions to the original budget proposal (IDB.21/7).

117. **Mr. IKEDA** (Japan) said that his Government's policy in the United Nations system was to seek a budget based on zero nominal growth. He appreciated the President's efforts to ensure approval of the budget for the next biennium during the current session; however, on the basis of the statements he had heard so far, it did not appear that any consensus on the matter was emerging. On the contrary, many representatives were still in favour of a budget based on zero growth in real terms. He would therefore like to know whether there was indeed broad support among those present for the Director-General's proposals outlined in document IDB.21/CRP.6. In the affirmative, in a spirit of compromise, he would be willing to go along with a consensus on those lines.

118. **Mr. BENMOUSSA** (Morocco) expressed his support for the proposals outlined in document IDB.21/CRP.6, provided that no change was made to the proposed allocations for document translation and interpretation, so that the important principle of equal treatment for all working languages of the Organization was upheld.

119. **Mr. BORCHARD** (Germany), speaking on behalf of the European Union, said that it had been actively involved in seeking a consensus on the budget issue and therefore welcomed the statement made by the representative of Japan. He was aware that a number of delegations would not be fully satisfied with the compromise solution but stressed the importance of reaching a decision by consensus, which would commit Member States to the programme and budgets for the next biennium. He understood the position of the Group of 77, but bearing in mind particularly difficult situations of some countries at the present juncture, he urged the adoption of a budget based on the proposals contained in document IDB.21/CRP.6 without further delay.

120. **Mr. TIWARI** (India), speaking on behalf of the Group of 77, said that originally he had been in favour of, at the very least, a zero real growth budget; however, in view of the difficulties facing some major donors, he would go along with the emerging consensus. He endorsed the German representative's remarks and wished to reciprocate the spirit of compromise shown by the representative of Japan.

121. **Mr. FIGUEROA** (Mexico) endorsed the Moroccan representative's remarks.

122. **The PRESIDENT** said he was pleased to note that all speakers had expressed support for a budget with the reductions outlined in document IDB.21/CRP.6, and thanked the representative of Japan for his contribution to achieving consensus on the issue.

The meeting rose at 1.40 p.m.